



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Required Report - public distribution

Date: 8/15/2003

GAIN Report #GM3026

Germany

Grain and Feed

Grain Crop Update

2003

Approved by:

Karina Ramos

U.S. Embassy, Berlin

Prepared by:

Dietmar Achilles

Report Highlights:

Due to the lasting drought in Germany, the 2003 grain crop estimate had to be reduced by 2.5 MMT to 39.0 MMT. Current grain prices are 10-20 percent above the August 2002 level. The EU will offer 1.357 of intervention grains to the internal EU market thereof 812,500 tons from German intervention storage. The German government promised to compensated the farmers for severe drought damages.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Berlin [GM1], GM

German Grain crop down to 39.0 MMT

The extreme heat wave continues to persist over Europe and has had a significant impact on the German grain crop. Harvest of most grains is nearing its end and the reports coming in from the regions indicate bigger losses than expected. In particular, the percentage of shriveled grains is much higher than in previous years. Consequently, the estimate for the **2003 grain crop** had to be lowered by another 2.5 million tons to **39 million tons**. Expected losses will also be high in corn. It is very likely that a portion of the grain corn area will be harvested as corn silage to compensate for losses in roughage production. This is reflected in the low per hectare yield number. A second cut of hay or grass silage failed completely in many regions. Farmers are facing **shortages in fodder supplies**. In some regions where the expected barley yields were too low, the barley has been harvested as silage. Traders expect that during the current marketing year more tapioca, CGF, DDG and palm products will be imported to compensate for the shortage. The **additional import demand** by the EU for these **substitutes** is estimated at about **two to three million tons**.

The quality of this year's wheat production is reportedly very good, with higher protein, low moisture of about 12 percent and high Hagberg falling numbers. Also the rye quality is very good so that millers are already looking for lower quality rye to down-blend for producing a proper flour. The quality of the brewing barley poses a problem because of the relatively small kernel size and a high protein content. Traders expect that German malsters will have to import several hundred thousand tons of brewing barley.

This year's small grain crop provides a good opportunity for the EU to lower the intervention stocks considerably. On August 14, 2003, the EU management committee for grains decided to make intervention grains available to the internal market for feed use not for flour milling.

730,000 tons of rye in Germany,
435,000 tons of barley in France,
82,500 tons of barley in Germany,
18,300 tons of barley in Finland,
22,800 tons of barley in Belgium,
45,300 tons of barley in Great Britain
7,000 tons of barley in Sweden,
4,000 tons of barley in Luxemburg and
11,600 tons French sorghum.

The first bidding will be on September 18 and the tender will be closed by December 18 2003. German officials were surprised about the early start of this intervention tender and about the size of this tender. They fear that it will have a negative price effect on the domestic grains markets. The first official German crop estimate will be published by the end of August, most likely August 29.

During recent weeks, grain prices have been trending upward because many farmers were storing their grains on the farm to speculate for rising prices. Prices for baking wheat are about 10 percent higher than in August 2002. Rye prices are about 20 percent above the August 2002

level. It is likely that this upward price trend will now be stopped because of the intervention sales announcement.

The German government promised financial assistance to farmers for severe drought damages. Farmers will have to prove that their economic damages of the complete farm exceeded 20-30 percent of the average farm profits of the past three years. This national assistance will be in addition to the proposed advanced EU payments on area and livestock payments. The EU proposed to advance payments of about Euro 1.8 billion from October 2003 to September 2003.

German Grain Crop Estimate August 2003						
	2002			Revised Aug 2003 Estimate		
	Area	Yield	Production	Area	Yield	Production
	1000 ha	MT/ha	1,000 MT	1000 ha	MT/ha	1,000 MT
Winter Wheat	2,962	6.94	20,543	2,837	6.60	18,722
Spring Wheat	48	5.20	249	174	4.89	853
Durums	5	5.31	26	5	5.00	25
All Wheat	3,015	6.91	20,818	3,016		19,600
Rye	728	5.03	3,666	550	4.50	2,470
Winter Barley	1,361	6.07	8,265	1,318	5.47	7,208
Spring Barley	609	4.37	2,663	776	4.00	3,102
All Barley	1,970	5.55	10,928	2,094	4.92	10,310
Oats	233	4.36	1,016	261	4.29	1,120
Spring Mixed	26	4.13	106	25	4.20	105
Winter Mixed	9	5.33	51	10	5.40	55
Triticale	562	5.48	3,068	512	5.00	2,560
All	597	5.40	3,225	547		2,720
Corn	399	9.39	3,738	443	6.28	2,780
Grand Total	6,942	6.25	43,391	6,910	6.73	39,000
Source: AgBonn						

Previous estimate: July 2003

	2003		
	Area	Yield	Production
	1000 ha	MT/ha	1,000 MT
Winter Wheat	2,837	6.81	19,318
Spring Wheat	174	5.00	872
Durums	5	5.00	25
All Wheat	3,016		20,215
Rye	550	4.91	2,700
Winter Barley	1,318	5.60	7,383
Spring Barley	776	4.35	3,373
All Barley	2,094	5.14	10,756
Oats	261	4.31	1,124
Spring Mixed	25	4.20	105
Winter Mixed	10	5.40	55
Triticale	512	5.70	2,917
All	547		3,077
Corn	443	7.97	3,527
Grand Total	6,910	6.73	41,400
Source: FAS Bonn, Germany			